

FHFA's failure to work with PACE stakeholders risks shutting down successful programs

Washington, DC— Tuesday, Rep. Steve Israel (D – Huntington) called on the Acting Director of the Federal Housing Finance Agency (FHFA) Edward DeMarco to either work with stakeholders and communities on advancing Property Assessed Clean Energy programs or step down. Rep. Israel has been a leader in Congress on PACE programs, introducing legislation to expand PACE programs nationally and successfully including a measure in the House-passed energy bill to support PACE programs.

“PACE programs have been expanding rapidly because they allow homeowners the chance to save money on their utility bills by making energy efficiency retrofits affordable. The FHFA must come to the table and work with the communities, officials, and industry leaders that have implemented these successful programs and find a solution so that PACE programs can continue and move forward with Recovery Act funded pilot programs. Thus far the FHFA has been unwilling to work with us and if the Acting Director of the FHFA won't help us seek solutions then he needs to resign,” said Rep. Israel.

The FHFA, which regulates Fannie Mae and Freddie Mac, has shutdown PACE programs by determining that they represent “safety and soundness” concerns. The FHFA has called for a “pause” in PACE and PACE-like programs, putting on hold \$150 million in PACE pilot program funding as part of the American Recovery and Reinvestment Act. This is discouraging homeowners from moving forward with energy efficiency and clean energy projects. There are years of legal precedent for special assessment districts with municipalities around the country currently using this model to finance sewers, sidewalks, and other projects that serve a public purpose.

In May, Rep. Israel led a letter to FHFA Acting Director DeMarco asking the FHFA to immediately clarify that all currently planned PACE programs that are direct recipients of Department of Energy funds and existing PACE recipients are not subject to adverse action. Rep. Israel also asked that the FHFA provide new PACE programs with clear guidelines that will permit them to proceed without adverse action. The letter was signed by 30 Members of Congress.

A PACE bond is a small municipal bond where the proceeds are used to finance energy retrofits for commercial and residential property owners who then repay their loans over many years via an annual assessment on their property tax bill.

Rep. Israel serves on the House Appropriations Subcommittee on Energy and Water.